A JANUS-FACED STATUTE.

BY THE HON. RICHARD P. BLAND, REPRESENTATIVE IN CONGRESS FROM MISSOURI.

GREAT interest was manifested throughout the country as to the probable outcome of the agitation of the silver question in Congress during the current session. The anxiety concerning the legislation likely to take place was not confined to financial or commercial circles, but was the subject of universal interest among the masses of the people everywhere.

The result, like all measures adjusted to meet the exigencies of party harmony, to tide over party dissensions and differences, is unsatisfactory to the country. The bill is a master-piece of duplicity and double-dealing.

Its Janus face is so moulded as to have the appearance of silver to the West and of gold to the East. The interpretation can be made to conform to the prejudices or wishes of all classes. To the bullion-owner it is made to appear as offering him a larger market for his product. To the gold advocate it is interpreted to mean the gold standard and gold-redemption. To the Greenbacker it holds out the temptation of increased issue of legal-tender treasury notes. To all it promises a larger volume of money.

The bill is as follows :

"SEC. 1. That the Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion to the aggregate amount of 4,50 ,000 ounces, or so much thereof as may be offered in each month, at the market price thereof, not exceeding $1 for 371.25 grains of pure silver, and to issue in payment for such purchases of silver bullion treasury notes of the United States to be prepared by the Secretary of the Treasury, in such form and of such denominations, not less than $1 nor more than $1,000, as he may prescribe; and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the treasury not otherwise appropriated.

"SEC. 2. That the treasury notes issued in accordance with the provisions of this act shall be redeemable on demand, in coin, at the treasury of the United States or at the office of any assistant treasurer of the United States, and when so redeemed

may be reissued; but no greater or less amount of such notes shall be outstanding at any time than the cost of the silver bullion, and the standard silver dollars coined therefrom, then held in the treasury purchased by such notes; and such treasury notes shall be a legal-tender in payment of all debts, public and private, except where otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues, and when so received, may be reissued; and such notes, when held by any national banking association, may be counted as part of its lawful reserve. That, upon demand of the holder of any of the treasury notes herein provided for, the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

"SEC. 3. That the Secretary of the Treasury shall each month coin two million ounces of the silver bullion purchased under the provisions of this act into standard silver dollars until the 1st day of July, 1891, and after that time he shall coin of the silver bullion purchased under the provisions of this act as much as may be necessary to provide for the redemption of the treasury notes herein provided for, and any gain or seigniorage arising from such coinage shall be accounted for and paid into the treasury.

"SEC. 4. That the silver bullion purchased under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained, and the amount of charges or deductions, if any, to be made.

"SEC. 5. That so much of the act of February 28, 1878, entitled 'An act to authorize the coinage of the standard silver dollar and to restore its legal-tender character,' as requires the monthly purchase and coinage of the same into silver dollars of not less than $2,000,000 nor more than $4,000,000 worth of silver bullion, is hereby repealed.

"SEC. 6. That upon the passage of this act the balances standing with the Treasurer of the United States to the respective credits of national banks for deposits made to redeem the circulating notes of such banks, and all deposits thereafter received for like purpose, shall be covered into the treasury as a miscellaneous receipt, and the treasury of the United States shall redeem from the general cash in the treasury the circulating notes of said banks which may come into his possession subject to redemption; and upon the certificate of the Comptroller of the Currency that such notes have been received by him and that they have been destroyed, and that no new notes will be issued in their place, reimbursement of their amount shall be made to the Treasurer, under such regulations as the Secretary of the Treasury may prescribe, from an appropriation hereby created, to be known as 'national-bank notes: redemption account,' but the provisions of this act shall not apply to the deposits received under section 3 of the act of June 20, 1874, requiring every national bank to keep in lawful money with the Treasurer of the United States a sum equal to 5 per cent. of its circulation, to be held and used for the redemption of its circulating notes; and the balance remaining of the deposits so covered shall, at the close of each month, be reported on the monthly public debt statement as debt of the United States bearing no interest."

It will be noticed that the bill is adroitly drawn so as to vest in the Secretary of the Treasury almost unlimited discretionary powers, so that, according to his interpretation and manipulation, the law can be so enforced as to lead to general disappointment.

In its regular order the first comment to be made upon the bill concerns the purchasing clause. The Secretary of the Treasury is directed to purchase monthly four million five hundred thousand

ounces of silver bullion, *or so much thereof as may be offered, at the market price thereof.*

The power to purchase is to be exercised by the Secretary of the Treasury. He is to ascertain what the market price is. The bullion-holders may or may not offer bullion at the price ascertained or fixed by the Secretary of the Treasury. So at last the amount of bullion to be purchased is largely left to the results of dickering between the holders of the bullion and the Secretary of the Treasury. Those who count on a large increase in the circulating medium may be disappointed. The representatives of the interests of the silver-producers who voted for the bill with a view of affording a larger market for silver bullion may also be deceived. The law of 1878, restoring to the coinage the standard silver dollar, provided that the Secretary of the Treasury should purchase not less than two million nor more than four million dollars' worth of silver bullion monthly, and coin it as purchased. The only discretion given him here was between the two million and four million dollars' worth. He was bound to purchase at least two millions' worth. This was mandatory. No such language as "so much thereof as may be offered at the market price thereof" appears in the law of 1878, which statute is repealed by the act under consideration.

That this provision was not deemed satisfactory by the representatives of the silver-producers is shown by the debates. The following colloquy took place in the Senate, pending the consideration of this Conference Bill, between Senator Stewart, of Nevada, and Mr. Sherman, the chairman of the Senate conferees :

Mr. STEWART—I should like to ask in regard to the phrase "or so much thereof as may be offered in each month, at the market price thereof."

Mr. SHERMAN—I have already stated about that. If it is not offered, as a matter of course the Secretary cannot buy it.

Mr. STEWART—I should like the views of the Senator from Ohio as to whether it would be the duty of the Secretary of the Treasury, under the language used in the bill, to buy four and a half million ounces per month if that amount were offered, or could he decline to buy on the pretext that it was not offered in this country at the market price in London? Could the Secretary of the Treasury depress the price of silver by refusing to buy unless he could get offers at the London price ?

Mr. SHERMAN—I have no doubt the Secretary of the Treasury, under the gravest responsibilities and gravest obligations to obey this law rigidly, would not allow himself any doubtful construction. He would go on and buy, whatever might be the results to him or to anybody, four and one-half million ounces a month. We cannot legislate upon the idea that the officers of the law will disregard the law, or evade it, or avoid it. If I thought so, I would want to abolish the office of the Secretary of the Treasury. The eye of any man holding that position would be keenly set upon the language of the law, and a fair construction of the law, and it is not to be

assumed that he will avoid or evade the duty imposed upon him, whether he approve it or not. I have not the slightest doubt that the present Secretary of the Treasury, or any other Secretary, whatever may be his party creed, would obey the law; and if not, he ought not to be there a moment, and he would be liable to impeachment if he disobeyed the law.

Mr. STEWART—I merely want to get the Senator's idea. The Senator, then, does not think there can be any danger of the Secretary's failing to buy four and a half million ounces of silver a month if he can get it for less than par as provided in this act?

Mr. SHERMAN—I have not the slightest doubt of that. You cannot legislate upon the idea that the officers will not execute the law.

We imagine the apprehensions of the Senator from Nevada were not entirely quieted by the evasive answer of the Senator from Ohio. Nor is the Senator from Nevada content with the policy of Mr. Windom thus far adopted, if reports of the press be true.

In explanation of this clause, Mr. Conger, of Iowa, chairman of the Committee on Coinage, Weights, and Measures, and chairman of the House conferees on this bill, said:

"The first section of the House bill has been adopted in the conference report with this exception, that we have changed the amount of silver bullion to be purchased from $4,500,000 worth to 4,500,000 ounces, or so much thereof as may be offered. In changing the measure of the amount from dollars to ounces we do not prescribe the exact amount that is to be purchased each month. When we say dollars' worth, no matter whether silver goes up or goes down, the currency is increased just that much and no more. By the other plan of purchasing so many ounces, if silver goes down, the circulation is decreased, while if it goes up, the amount of treasury notes issued is increased. By adding the words, 'or so much thereof as may be offered in each month,' we do not, in the judgment of the majority of the conferees of both houses, change the amount that will be purchased and treasury notes issued therefor, but we do take away the possibility of a 'corner' or of speculation on the part of the bullion-owners, and give the Secretary of the Treasury some opportunity to defend himself and the treasury against the sharps who might attempt at the end of each month to force him to purchase, at a fabulous price, the amount directed by law."

It is to be noted that the original Windom Bill or proposition introduced in the House by Mr. Conger, and referred to the Committee on Coinage, Weights, and Measures, contained two safe provisions, as was claimed by the Secretary of the Treasury and by Mr. Conger. One was that the Secretary of the Treasury should have the power at any time to suspend silver purchases, if, in his opinion, there was an attempt to unduly bull the price of silver or to corner the market. The other was to reserve to the Secretary the power to redeem the treasury notes in silver bullion. This was to preserve intact the gold standard. It will also be remembered that these provisions were bitterly fought by the silver-men in the House and the Senate. Secretary Windom was

so positive and determined in his opinions that he came out in a newspaper article in the Washington *Post* insisting that some such provisions should be incorporated in any bill that passed, or it would be better that no legislation at all should be had; evidently meaning a veto.

To meet this difficulty two provisions were inserted in the conference report and adopted as part of the law. The first is to be found in the purchasing clause, which practically gives the Secretary the powers he insisted on—that is, to purchase bullion only when offered at such rates as he may ascertain to be normal. In lieu of the bullion-redemption clause, the language of the second section is inserted, as follows:

"That, upon the demand of the holder of any of the treasury notes herein provided for, the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law."

This was, no doubt, intended as a direction to the Secretary of the Treasury to redeem the notes in gold on demand. It has always been held by the gold advocates, and all the Secretaries of the Treasury since the restoration of silver, that silver cannot be paid out or coined and utilized, except in such quantities and subject to such limitations as in their opinion can be safely allowed, without disturbing the gold standard of value; that, should the government at any time refuse gold for its obligations when demanded, such refusal would be tantamount to a suspension of gold payments; that gold would immediately go to a premium, and our standard would be the depreciated silver dollar. "Under such regulations as the Secretary may prescribe" may mean, and doubtless was intended to mean, the sale of bonds under the Resumption Law, should such a course be deemed necessary to procure the gold required to preserve the gold standard or the parity of the two metals.

Again, it must be observed that the language used is the parity of the two *metals*, not the two *coins*, for the two coins are now at par. If the Secretary is not to redeem in silver till the parity of the two metals is established and maintained by this bill, then, of course, silver payments are forever prohibited. This bill can never restore this parity. While the provisions and objects of the original bill of the Secretary of the Treasury are so obscured

and covered up that the law can be made to read one way to a Western audience and the opposite way to an Eastern constituency, yet it must be confessed that the objects and purposes of the Secretary's bill are amply provided for.

The new law is a radical departure from the law of 1878 in respect to the basis or ratio of utilizing silver for monetary purposes. The law of 1878 compelled the coinage of the bullion as fast as purchased. The coin could be deposited and silver certificates issued thereon. Whether the coin or certificate was in circulation, it went into circulation at the ratio of 16 to 1. This is the established legal ratio between the two metals. The new law, however, provides for issuing notes on silver bullion at its cost price or gold value—not coining value. The metal is not to be coined at all after July, 1891, except at the discretion of the Secretary of the Treasury, and in amounts sufficient only for the redemption of the notes. But, as before pointed out, the notes must be redeemed in gold if the theory of the gold standard is to be adhered to; hence no redemption in silver will be made; consequently no silver will be coined.

The net result is a practical suspension of the coinage of silver at the legal ratio. The only use to be made of the metal is as a bankable commodity on which notes may be issued, based upon the market value in gold of this bankable commodity. Thus silver is virtually demonetized and discredited as a standard of value, and gold, and gold only, fixed upon as the standard of payments. To accomplish this result more effectually, if possible, the law of 1878 providing for the continued coinage of the standard dollar is repealed. The effect of the bill is to repeal the law of 1878, requiring the purchase and the coinage monthly of not less than two million nor more than four million dollars' worth of silver bullion, and to substitute therefor a law that may be construed to mean the purchase of so much silver bullion as the Secretary of the Treasury and the holders of the bullion may agree upon, not to exceed four million five hundred thousand ounces monthly; treasury notes to be issued in payment of these purchases, in amount equal to the market or gold value of the bullion, and to be limited in amount in circulation to the gold value of the bullion so purchased; these notes to be redeemed in gold when demanded, in order to maintain the parity of the metals on the gold standard of payments; the silver dollar no longer to be coined as a standard

of value. The bill is an evident abandonment of the double standard.

In the foregoing the gold face of the bill has been exhibited for Eastern admiration. Now comes the silver side for the delight of the West.

First, it will be contended that the purchase of four million five hundred thousand ounces of bullion is mandatory; that the Secretary of the Treasury would be impeached if he sought to evade it; that these purchases will put in circulation from fifty-seven to sixty millions annually; that the result will be a large appreciation of silver bullion, and as the price increases the amount of currency that will result will also increase; that there is the possibility of sixty-five or seventy million dollars to be added annually to the circulation of the country; that by the operation of the law silver will reach so near a par with gold that its free coinage will result in a short period of time; that the first clause in section 2, providing for the redemption of the notes in coin, has no gold direction in it, and this clause is just as binding as the subsequent one; that the requirement for coining a sufficiency of the bullion for the redemption of the notes will preserve the ratio of 16 to 1, and dispels the idea that silver is to be used as a mere commodity.

These inferences are fairly drawn from the terms of the bill. The law is a two-faced monstrosity—one face looking with smiles of golden promise to the East, but, on the other side, one radiant with the image of the Goddess of Liberty engraven in silver, beckoning the plaudits of the West.

That the law will be executed in accordance with the wishes and views of the friends of silver till after the next Presidential election may be predicted. First, because up to that time no great accumulation of silver bullion can be had under its provisions, even by purchasing the full amount authorized. Secondly, the party in power will not incur the hostility of the mining States, so much interested in a market for silver bullion; nor, on the other hand, that of the masses of the people of the Northwest and the West, who are demanding a largely-increased circulation.

After the next Presidential election much will depend upon the character of the administration. Should the succeeding administration entertain the same views in regard to silver as the present and the predecessor of the present administration, the law will

no doubt be executed in a manner that will cause great disappointment to those friends of silver who supported it.

If the law remains upon the statute-book, the silver question will necessarily be an issue in the coming Presidential election.

The fate of silver will greatly depend upon the manner in which the law shall in the future be carried out.

The last section of the bill, covering into the treasury the lawful money held for the redemption of the notes of national banks, makes available about fifty-four million dollars to be paid out in current expenditures. This was necessary to meet an expected deficiency caused by the extravagant appropriations of the present Congress. But the currency will not in the end be expanded, since the bank-notes outstanding, for the redemption of which this fund is deposited, are constantly coming in to be cancelled and retired.

In closing this article I must be indulged while attempting to urge the practicability of and the absolute necessity for the unlimited coinage of silver. It is assumed that our bank-note issues will soon disappear. There is no probability of the people of this country in the near future electing a House of Representatives favorable to any system of national banks.

The only mode at this time of augmenting our circulating medium, to meet the needs of growing business and the rapid increase of population, is the issuing of circulating notes upon the deposits of gold and silver coin. Our policy now is to issue these notes, dollar for dollar, on the coin or bullion. The bankers' rule would permit the issuing with safety of three dollars of notes for one of specie. This we are not doing. We require a dollar of coin to be held for the redemption of every note outstanding. What greater security than this could be reasonably asked? It will not do to say that the silver dollar is depreciated, for as to the coin that is not true, and as to bullion the depreciation would disappear with the demand for it which free coinage would give. Besides, the reserve of dollar for dollar would so restrict the issue of notes as to guarantee their par.

The contention that we would be flooded with a *dump* of the silver of the world is not tenable. The conditions at present, as well as the history of the world, are against it.

There is no country now having a surplus of silver, or even a dollar to be dispensed with at a loss. No coined silver could be

sent to our mints from the old world except at a loss of about three cents on the dollar, owing to the difference in our ratio of coinage and theirs.

The history of all ages shows that from the beginning of civilization the precious metals have been held in such high esteem and so largely sought for that nothing—not excepting wars, pestilence, and famine—will not be endured before a people will consent to part with their stock of these metals. The disastrous failure of Germany to part with her silver at a sacrifice is a warning too recent to be ignored by any other country. To show the passion of mankind for the acquisition of precious metals, we might instance the dangers and privations endured in the search for them. The discovery of gold in California was immediately followed by an exodus of our people on a journey of three thousand miles across the continent. They forced their way through the great "Sahara of America," contending with the hostile savage, battling with famine, disease, and death that left victims on every mile of the perilous road. Nerved and sustained by the hope of reaching the land of gold, the hardy pioneers moved in continuous train from the Missouri to the Sacramento. There they were met by the people of every clime. The land and sea were brought into requisition to pour forth the peoples of the world upon the mountains and the plains of the new Eldorado. There was found a veritable modern Babylon. Every tongue was heard; every nation was represented. All this for the innate love of the nations of the world for the precious metals.

The discovery, ten years later, of the rich silver deposit of the Comstock lode in Nevada reversed the tide of immigration. The hardy miners of California, with their caravans of pack trains loaded with mining implements and provisions, performed the hazardous feat of crossing the summits of the Sierra Nevada in midwinter to be the first on the ground to locate their claims upon this famous lode. Napoleon's crossing of the Alps was no more perilous, or more awful in the grandeur of the undertaking, than the crossing of the dismal Sierras by the brave Californians in the winter of 1859 and 1860 in search of silver on the eastern slope.

Rome by wars and conquests robbed the nations of their precious metals, and thus conquered the world and exacted tribute from every source of commerce. The discovery of vast and rich deposits of gold and silver in the jungles of Africa would be the

prelude to the immediate conquest of that country and the subjugation of its inhabitants to the rule of civilization, science, and art.

So long as this innate and insatiable desire of all mankind for the precious metals exists, none will willingly part with their accumulations of ages, that have cost so much of privation and suffering, simply to accomodate our mints or to surfeit us with silver.

The truth is that, no matter how we accumulate silver or gold, or both, whether by the purchase in open market or by the open mint, the stock of precious metals so accumulated will prove a source of wealth and power, which in the near future will enable us to dominate the commerce of the world and make New York, instead of London, the world's clearing-house for the exchange of gold and silver at our present ratio, or such as we may reasonably establish. The annual product of gold is rapidly declining. The richest of our silver mines are also being rapidly worked out. It cannot be expected that the present yield of silver will long continue. With gold mines now failing the world over, and the great probability that the yield of silver will also in a short period lessen from year to year, the world in the near future will be compelled to draw upon the treasury stock that we must accumulate if we enter upon free coinage.

It is the aim of wise statesmanship, as well as husbandry, to lay up wealth for a rainy day.

RICHARD P. BLAND.